

**O'Chiese First Nation**  
**Consolidated Financial Statements**  
**March 31, 2016**

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# **O'Chiese First Nation**

## **Consolidated Financial Statements**

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## O'Chiese First Nation

### Management's Responsibility for Financial Reporting

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March 31, 2016

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The accompanying consolidated financial statements of O'Chiese First Nation are the responsibility of management and have been approved by the Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of O'Chiese First Nation and meet when required.

On behalf of O'Chiese First Nation:

\_\_\_\_\_  
Chief

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Date

## Independent Auditors' Report

### To the Members of O'Chiese First Nation

We have audited the accompanying consolidated financial statements of O'Chiese First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of O'Chiese First Nation as at March 31, 2016, and the consolidated results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Edmonton, Canada**  
**August 29, 2016**

*Crowe MacKay LLP*  
**Chartered Professional Accountants**

# O'Chiese First Nation

## Consolidated Statement of Financial Position

**March 31** **2016** **2015**

### Financial Assets

Cash (Note 2)	\$ 3,985,884	\$ 4,285,907
Accounts receivable (Note 3)	7,683,110	2,671,703
Band member receivables	332,349	486,129
Long-term investments (Note 4)	27,259,018	23,153,147
Trust Funds (Note 5)	46,878,858	52,704,267
	<b>86,139,219</b>	<b>83,301,153</b>

### Liabilities

Short-term financing (Note 6)	21,125,138	1,800,000
Accounts payable and accrued liabilities	5,111,982	5,014,155
Deferred revenue (Note 7)	3,273,307	2,556,802
Landfill closure and post-closure liability (Note 8)	175,000	175,000
Long-term debt (Note 9)	2,079,052	555,519
	<b>31,764,479</b>	<b>10,101,476</b>

**Net financial assets** **54,374,740** **73,199,677**

### Non-financial Assets

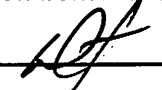

Capital assets (Note 10)	90,051,361	58,651,139
Prepaid expenses	47,187	50,703
Deferred costs	159,483	-
	<b>90,258,031</b>	<b>58,701,842</b>

**Accumulated Surplus (Note 11)** **\$144,632,771** **\$131,901,519**

Contingent liabilities (Note 12)

Commitments (Note 14)

Approved on behalf of the Council

 , Chief  
 , Councilor

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**O'Chiese First Nation****Consolidated Statement of Operations and Accumulated Surplus**

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**For the year ended March 31**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 4,467,532	\$ 10,969,985	\$ 14,277,429
CMHC subsidy	-	56,216	63,724
HRD funds	302,229	302,229	302,229
Health Canada	1,473,057	1,435,858	1,361,495
First Nations Development Fund	90,000	568,694	376,469
Revenue band funds	1,445,622	2,000,328	1,262,000
Capital band funds	4,363,720	20,446,106	12,269,171
Interest income - Ottawa Trust	-	1,064,220	724,294
Royalty income - Ottawa Trust	-	15,556,805	41,597,784
Equity income on Nation Business Enterprises	-	4,106,863	10,032,635
Other income	4,821,828	12,603,491	14,573,931
Transfers	-	(22,446,434)	(13,705,103)
	<b>16,963,988</b>	<b>46,664,361</b>	<b>83,136,058</b>
<b>Expenses (Note 16)</b>			
Band	12,971,022	19,932,567	18,466,710
Business Centre	3,162,376	9,641,498	7,985,666
School	2,755,574	2,895,517	2,570,529
Health	1,537,411	1,463,529	1,444,994
	<b>20,426,383</b>	<b>33,933,111</b>	<b>30,467,899</b>
<b>Excess of revenue over expenses</b>	<b>(3,462,396)</b>	<b>12,731,250</b>	<b>52,668,159</b>
<b>Accumulated surplus, beginning of year</b>	<b>131,901,520</b>	<b>131,901,521</b>	<b>79,233,362</b>
<b>Accumulated surplus, end of year</b>	<b>\$128,439,124</b>	<b>\$144,632,771</b>	<b>\$131,901,521</b>

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**O'Chiese First Nation****Consolidated Statement of Change in Net Financial Assets**

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**For the year ended March 31**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Excess of revenue over expenses</b>	<b>\$ (3,462,396)</b>	<b>\$ 12,731,250</b>	<b>\$ 52,668,159</b>
Acquisition of tangible capital assets	-	(35,109,063)	(16,795,802)
Amortization of tangible capital assets	3,708,843	3,708,843	3,755,888
	3,708,843	(31,400,220)	(13,039,914)
Acquisition of prepaid asset	-	162,999	(20,526)
Use (acquisition) of deferred costs	-	(159,483)	439,478
	-	3,516	418,952
<b>(Decrease) increase in net financial assets</b>	<b>246,447</b>	<b>(18,824,937)</b>	<b>40,047,197</b>
<b>Net financial assets, beginning of year</b>	<b>73,199,677</b>	<b>73,199,677</b>	<b>33,152,480</b>
<b>Net financial assets, end of year</b>	<b>\$ 73,446,124</b>	<b>\$ 54,374,740</b>	<b>\$ 73,199,677</b>

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**O'Chiese First Nation****Consolidated Statement of Cash Flow**

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**For the year ended March 31, 2016****2016****2015****Cash flows from****Operating activities**

Excess of revenue over expenses	\$ 12,731,250	\$ 52,668,159
Items not affecting cash		
Amortization	3,708,843	3,755,888
Equity income on investments	(4,106,863)	(10,032,635)

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**12,333,230**      **46,391,412**

## Change in non-cash operating working capital

Accounts receivable	(5,011,407)	665,623
Deferred costs	(159,483)	439,478
Prepaid expenses	3,516	(20,526)
Accounts payable and accrued liabilities	98,817	2,399,400
Deferred revenue	716,505	(1,606,407)
Band member receivables	153,781	(25,599)

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**8,134,959**      **48,243,381****Capital activities**

Capital asset purchases	(35,109,063)	(16,795,801)
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**Financing activities**

Proceeds of long-term debt	1,612,442	-
Principal repayments of long-term debt	(88,908)	(66,773)
Net funds drawn from Trust Funds held in Ottawa	23,461,891	11,457,133
Ottawa Trust Capital additions	(17,636,482)	(42,322,078)
Short-term Financing	19,325,138	1,800,000

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**26,674,081**      **(29,131,718)**

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**Increase (decrease) in cash and cash equivalents**      **(300,023)**      **2,315,862**

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**Cash and cash equivalents, beginning of year**      **4,285,907**      **1,970,045**

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**Cash and cash equivalents, end of year**      **\$ 3,985,884**      **\$ 4,285,907**

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# **O'Chiese First Nation**

## **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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### **1. Basis of Presentation and Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### **(a) Reporting entity principles of financial reporting**

The O'Chiese First Nation reporting entity includes the O'Chiese First Nation government and all related entities which are accountable to O'Chiese First Nation and are either owned or controlled by O'Chiese First Nation.

Entities that form part of the Nation reporting entity and do not meet the criteria of a government business enterprise have been consolidated in these financial statements. The consolidated financial statements include the following entities:

1. O'Chiese First Nation Administration
2. O'Chiese Business and Investment Centre
3. O'Chiese First Nation Education Authority
4. O'Chiese Health Centre

Commercial enterprises which meet the definition of government business enterprises are recorded on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Nation's investment in the government business enterprise and the enterprises net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the O'Chiese First Nation.

Organizations accounted for on a modified equity basis include:

1. O'Chiese Truck Stop Inc.
2. O'Chiese Gas Bar Ltd.
3. O'Chiese Energy Limited Partnership
4. O'Chiese Safety Services Limited Partnership
5. O'Chiese Contracting Limited Partnership (formerly O'Chiese Sand Gravel & Contracting Limited Partnership)
6. O'Chiese Well Services Limited Partnership
7. O'Chiese Forest Management Limited Partnership
8. O'Chiese Gas Plant Limited Partnership
9. O'Chiese Environmental Services Limited Partnership
10. Enterprise 203 Construction Limited Partnership
11. Enterprise 203 Holdings Limited Partnership
12. Enterprise 203 Sask Limited Partnership
13. O'Chiese Marketplace Inc.
14. O'Chiese Utilities Limited Partnership
15. O'Chiese Land Holdings Limited Partnership
16. O'Chiese Business Centre Limited Partnership

The Limited Partnerships all have December 31, 2015 year ends.

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# **O'Chiese First Nation**

## **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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### **1. Basis of Presentation and Significant Accounting Policies (continued)**

#### **(b) Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

#### **(c) Cash**

Cash and cash equivalents include cash on hand and balances in bank accounts.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows

Community Buildings	20 years Straight line
Automotive equipment	5 years Straight line
Housing	35 years Straight line
Roads and bridges	20 years Straight line
Equipment	5 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

### 2. Cash

	2016	2015
Externally restricted		
Province of Alberta - First Nations Development Fund	\$ 45,087	\$ 9,303
Unrestricted		
General accounts	3,940,797	4,276,604
	<b>\$ 3,985,884</b>	<b>\$ 4,285,907</b>

Funds received under the First Nation Development Fund program administered by the Province of Alberta are restricted to eligible uses outlined in the First Nation Charitable Casino Handbook and administered by the Alberta Gaming and Liquor Commission. These funds are held in a separate bank account.

The O'Chiese First Nation has overdraft facilities totaling \$180,000 bearing interest at prime rate + 3%. The facilities are secured by a redirection of funds, as authorized by First Nation Council Resolutions acknowledged by the Department of Indigenous and Northern Affairs Canada. At March 31, 2016, the accounts were overdrawn by \$ Nil (2015 - \$ Nil). The cheques issued in excess of funds on deposit on these accounts were \$ Nil (2015 - \$383,188).

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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#### 3. Accounts receivable

	2016	2015
Trade receivables	\$ 1,997,088	\$ 1,219,682
Indigenous and Northern Affairs Canada	5,478,445	755,306
Government of Alberta	177,276	595,000
GST Receivable	-	101,715
Yellowhead Tribal Council - FNSSP	30,301	-
	<b>\$ 7,683,110</b>	<b>\$ 2,671,703</b>

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#### 4. Investment in Business Enterprises

	O'Chiese Limited Partnerships	O'Chiese Corporations	2016 Total	2015 Total
<b>Assets</b>	<b>\$ 37,389,733</b>	<b>\$ 8,566,977</b>	<b>\$ 45,956,710</b>	<b>\$ 43,905,764</b>
<b>Liabilities</b>	<b>\$ 10,977,873</b>	<b>\$ 7,718,828</b>	<b>\$ 18,696,701</b>	<b>\$ 20,752,617</b>
<b>Equity</b>	<b>26,411,860</b>	<b>848,149</b>	<b>27,260,009</b>	<b>23,153,147</b>
<b>Total liabilities and equity</b>	<b>\$ 37,389,733</b>	<b>\$ 8,566,977</b>	<b>\$ 45,956,710</b>	<b>\$ 43,905,764</b>

	O'Chiese Limited Partnerships	O'Chiese Corporations	2016 Total	2015 Total
<b>Revenue</b>	<b>\$ 20,688,567</b>	<b>\$ 4,749,983</b>	<b>\$ 25,438,550</b>	<b>\$ 26,624,313</b>
<b>Expenses</b>	<b>16,023,619</b>	<b>5,308,069</b>	<b>21,331,688</b>	<b>16,591,678</b>
<b>Net income</b>	<b>\$ 4,664,948</b>	<b>\$ (558,086)</b>	<b>\$ 4,106,862</b>	<b>\$ 10,032,635</b>

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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#### 5. Trust Funds

	2016	2015
Revenue Trust funds	\$ 2,140,665	\$ 1,936,669
Capital Trust funds	44,738,193	50,767,598
	<b>\$ 46,878,858</b>	<b>\$ 52,704,267</b>

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The trust funds accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These Ottawa Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. The funds earn interest as specified in Section 61(2) of the Indian Act.

#### 6. Short-term financing

Bank demand loans are used as bridge financing on the new school and new housing projects undertaken by the Nation. The loans bears interest ranging from 0.25% - 1.00% plus the TD Canada Trust Bank prime rate and are due on demand.

#### 7. Deferred revenue

	2016	2015
Child Welfare	\$ 68,978	\$ 50,000
First Nations Development Fund	203,900	218,531
PCD Distribution Holdback	-	32,400
INAC	50,596	-
Surface fund	1,854,672	2,134,196
Band funds	356,352	12,530
Other funds	703,564	107,525
Health Canada	35,245	1,620
	<b>\$ 3,273,307</b>	<b>\$ 2,556,802</b>

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## **O'Chiese First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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#### **8. Landfill Closure and Post-closure liability**

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. Canadian Public Sector Accounting Standards require that the liability to close these sites be recorded based on an estimate of expected costs.

The liability recorded by the First Nation as at March 31, 2016 is \$175,000 (2015 - \$175,000) and represents the estimated present value of closure and post-closure costs. The closure of the landfill site is expected to be complete in the next year. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for approximately 25 years and will involve surface and groundwater monitoring, and landfill cover maintenance.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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#### 9. Long-term debt

	2016	2015
Canada Mortgage and Housing Corporation mortgage with payments of \$1,647 per month including interest at 1.11% maturing February 2026, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	\$ 172,721	\$ 187,334
Canada Mortgage and Housing Corporation mortgage with payments of \$1,547 per month including interest at 1.64% maturing January 2027, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	184,463	199,618
Canada Mortgage and Housing Corporation mortgage with payments of \$918 per month including interest at 1.53% maturing November 2027, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	117,810	126,799
Peace Hills Trust mortgage with payments of \$2,510 per month including interest at 3.95% maturing August 2016, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	12,673	41,768
Canada Mortgage and Housing Corporation mortgage with payments of \$3,492 per month including interest at 1.04% maturing October 2040, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	909,796	-
Canada Mortgage and Housing Corporation mortgage with payments of \$1,829 per month including interest at 1.04% maturing October 2040, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	476,349	-
Conditional sales contracts repayable in monthly instalments of \$4,773 without interest due October 2019. The loans are secured by vehicles with a net book value of \$236,497.	205,240	-
	<b>\$ 2,079,052</b>	<b>\$ 555,519</b>

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Principal portion of long-term debt due within the next five years:

2017	\$ 159,961
2018	148,622
2019	149,978
2020	127,494
2021 and thereafter	1,492,997
	<b>\$ 2,079,052</b>

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 10. Tangible Capital Assets

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2016 net book value
Buildings	\$ 13,391,727	\$ 1,362,316	\$ 14,754,043	\$ 9,091,442	\$ 741,722	\$ 9,833,164	\$ 4,920,879
Automotive equipment	5,864,715	532,353	6,397,068	5,423,375	208,244	5,631,619	765,449
Computer equipment	52,196,401	11,294,086	63,490,487	26,220,413	1,841,224	28,061,637	35,428,850
Equipment	232,821	-	232,821	232,821	-	232,821	-
Roads and bridges	17,183,468	1,169,595	18,353,063	2,490,938	917,653	3,408,591	14,944,472
Buildings under construction	13,240,997	20,750,713	33,991,710	-	-	-	33,991,710
	<b>\$ 102,110,129</b>	<b>\$ 35,109,063</b>	<b>\$137,219,192</b>	<b>\$ 43,458,989</b>	<b>\$ 3,708,843</b>	<b>\$ 47,167,832</b>	<b>\$ 90,051,360</b>

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2015 Net book value
Community Buildings	\$ 11,206,872	\$ 2,184,855	\$ 13,391,727	\$ 8,421,856	\$ 669,586	\$ 9,091,442	\$ 4,300,285
Automotive equipment	5,357,732	506,983	5,864,715	4,709,941	713,434	5,423,375	441,340
Housing	52,196,401	-	52,196,401	24,706,717	1,513,696	26,220,413	25,975,988
Equipment	232,821	-	232,821	232,821	-	232,821	-
Roads and bridges	13,335,309	3,848,159	17,183,468	1,631,765	859,173	2,490,938	14,692,530
Buildings under construction	2,985,193	10,255,804	13,240,997	-	-	-	13,240,997
	<b>\$ 85,314,328</b>	<b>\$ 16,795,801</b>	<b>\$102,110,129</b>	<b>\$ 39,703,100</b>	<b>\$ 3,755,889</b>	<b>\$ 43,458,989</b>	<b>\$ 58,651,140</b>

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 11. Accumulated surplus

	2016	2015
Operating Fund	\$ (1,784,693)	\$ (251,514)
Trust Fund	46,878,858	52,704,267
Capital Asset Fund	72,279,588	56,295,620
Equity in business entities	27,259,018	23,153,147
	<b>\$144,632,771</b>	<b>\$131,901,520</b>

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### 12. Contingent Liabilities

#### a) Loan guarantees

The O'Chiese First Nation has provided a guarantee on loans for O'Chiese Marketplace Inc. up to \$2,550,000.

The O'Chiese First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$401,293 (2015 - \$1,253,609).

#### b) Government contributions

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

### 13. Budget Information

The budgeted information for the year ended March 31, 2016 is unaudited and has been provided by management.

### 14. Commitments

At March 31, 2016, O'Chiese First Nation has outstanding commitments of approximately \$ 14 Million with respect to the acquisition of capital assets. The Nation will finance the acquisition by accessing Trust Funds held by Ottawa and long term financing.

### 15. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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#### 16. Expenses

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Amortization	\$ 265,610	\$ 3,708,843	\$ 3,755,888
Cultural events	140,000	164,629	351,707
Insurance	148,000	278,620	241,169
Materials and supplies	544,884	839,024	748,101
Meetings	778,000	968,406	559,326
Office expenses	154,067	220,036	409,897
Per capita distribution	-	1,100,700	-
Professional fees	634,000	3,013,074	2,220,873
Program costs	4,127,430	7,874,227	8,121,272
Repairs and maintenance	1,701,568	1,584,950	1,178,058
Salaries, wages and benefits	8,457,430	10,002,069	8,998,192
Social Assistance	800,396	760,500	649,110
Training and professional development	434,938	287,513	314,341
Travel	1,572,547	2,223,247	1,952,570
Utilities	553,620	745,346	737,206
Vehicle	113,893	161,927	230,189
	<b>\$ 20,426,383</b>	<b>\$ 33,933,111</b>	<b>\$ 30,467,899</b>

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#### 17. Settlement Trust

Pursuant to a settlement agreement with the Government of Canada dated March 27, 2007, the O'Chiese First Nation established the O'Chiese Settlement Trust to hold and administer the settlement funds.

The O'Chiese Settlement Trust has not been included in these financial statements as it does not form part of the First Nation reporting entity. The Trustee provides financial reporting to beneficiaries on an annual basis.

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## **O'Chiese First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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#### **18. Financial Instruments**

##### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's exposure to credit risk relates to accounts receivable and arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations.. Management believes this risk is minimized by the large amount of annual funding received from the Government of Canada.

##### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The company's exposure to liquidity risk relates to accounts payable and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders.

##### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Aside from related party balances, the company's interest-bearing financial instruments include fixed rate long-term debt and variable rate bank overdraft facilities. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuate as interest rates applicable to the instruments change. The company does not employ derivative financial instruments to hedge its exposure to interest rate risk.

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 19. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	Band			Business Centre		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>						
Indigenous and Northern Affairs Canada	2,744,806	8,988,010	11,954,013	-	-	204,899
Interest income - Ottawa Trust	-	1,064,220	724,294	-	-	-
Equity income on business interest	-	4,106,863	10,032,635	-	-	-
First Nations Development Fund	90,000	568,694	376,469	-	-	-
Royalty income - Ottawa Trust	-	15,556,805	41,597,784	-	-	-
Other revenue	7,331,856	4,148,787	4,811,930	3,164,500	8,215,876	9,392,525
<b>Total revenue</b>	<b>10,166,662</b>	<b>34,433,379</b>	<b>69,497,125</b>	<b>3,164,500</b>	<b>8,215,876</b>	<b>9,597,424</b>
<b>Expenses</b>						
Office expenses	20,600	69,135	157,350	30,000	96,752	130,966
Professional fees	354,000	818,464	687,406	280,000	2,169,865	1,528,664
Program costs	3,374,104	3,550,185	5,171,291	453,000	3,919,514	2,453,864
Repairs and maintenance	1,493,622	1,365,589	1,025,134	-	18,030	56,605
Salaries, wages and benefits	4,454,674	5,475,419	4,333,681	1,383,056	2,066,882	2,379,123
Travel	276,200	759,868	615,126	851,400	1,031,985	930,451
Vehicle	-	-	-	-	89,362	165,424
Other expenses	2,997,822	7,893,907	6,476,722	164,920	249,108	340,569
<b>Total expenses</b>	<b>12,971,022</b>	<b>19,932,567</b>	<b>18,466,710</b>	<b>3,162,376</b>	<b>9,641,498</b>	<b>7,985,666</b>
<b>Annual surplus (deficit)</b>	<b>(2,804,360)</b>	<b>14,500,812</b>	<b>51,030,415</b>	<b>2,124</b>	<b>(1,425,622)</b>	<b>1,611,758</b>

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**O'Chiese First Nation****Notes to Consolidated Financial Statements**

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**March 31, 2016**

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**19. Segmented information, continued**

	Health			School		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues						
Indigenous and Northern Affairs Canada	-	-	-	1,722,726	1,981,975	2,118,517
Other revenue	1,515,790	1,431,842	1,438,087	394,310	601,289	484,905
Total revenue	1,515,790	1,431,842	1,438,087	2,117,036	2,583,264	2,603,422
Expenses						
Office expenses	103,467	46,978	115,283	-	7,172	6,298
Professional fees	-	-	-	-	24,745	4,804
Program costs	-	-	2,657	1,200	4,461	1,369
Repairs and maintenance	152,270	173,798	43,689	55,676	27,533	52,630
Salaries, wages and benefits	702,004	705,288	635,921	1,917,696	1,754,481	1,649,466
Travel	139,387	147,161	133,349	9,560	63,489	74,254
Vehicle	101,474	52,405	55,831	12,419	20,159	8,934
Other expenses	338,809	337,899	458,264	759,023	993,477	772,774
Total expenses	1,537,411	1,463,529	1,444,994	2,755,574	2,895,517	2,570,529
Annual surplus (deficit)	(21,621)	(31,687)	(6,907)	(638,538)	(312,253)	32,893

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 19. Segmented information, continued

	Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>			
Indigenous and Northern Affairs Canada	4,467,532	10,969,985	14,277,429
Interest income - Ottawa Trust	-	1,064,220	724,294
Equity income on business interest	-	4,106,863	10,032,635
First Nations Development Fund	90,000	568,694	376,469
Royalty income - Ottawa Trust	-	15,556,805	41,597,784
Other revenue	12,406,456	14,397,794	16,127,447
<b>Total revenue</b>	<b>16,963,988</b>	<b>46,664,361</b>	<b>83,136,058</b>
<b>Expenses</b>			
Office expenses	154,067	220,037	409,897
Professional fees	634,000	3,013,074	2,220,874
Program costs	3,828,304	7,474,160	7,629,181
Repairs and maintenance	1,701,568	1,584,950	1,178,058
Salaries, wages and benefits	8,457,430	10,002,070	8,998,191
Travel	1,276,547	2,002,503	1,753,180
Vehicle	113,893	161,926	230,189
Other expenses	4,260,574	9,474,391	8,048,329
<b>Total expenses</b>	<b>20,426,383</b>	<b>33,933,111</b>	<b>30,467,899</b>
<b>Annual surplus (deficit)</b>	<b>(3,462,395)</b>	<b>12,731,250</b>	<b>52,668,159</b>